

CHAPTER 14  
MONITOR VENDING MACHINE LICENSING

**531—14.1(80GA,SF453) License eligibility criteria.** An applicant shall be eligible to hold a monitor vending machine (“MVM”) license only if the applicant meets the requirements set forth in rule 531—12.1(80GA,SF453).

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 69(1), 71(3), 74(2), and 77, and Iowa Code section 252J.2.

**531—14.2(80GA,SF453,252J) Factors relevant to license issuance.** The lottery may issue an MVM license to any applicant who meets the eligibility criteria established by 2003 Iowa Acts, Senate File 453, Division XVIII, and these rules. In exercising its licensing discretion the lottery shall consider the factors identified in rule 531—12.2(80GA,SF453,252J).

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), and 77(5), and Iowa Code section 252J.2.

**531—14.3(80GA,SF453) Definitions.** For purposes of this chapter, the following definitions shall apply:

“*Applicant*” and “*person*” shall have the definition set forth in rule 531—12.3(80GA,SF453).

“*Monitor vending machine*” means a vending machine that dispenses or prints and dispenses lottery tickets that have been determined to be winning or losing tickets by a predetermined pool drawing machine prior to the dispensing of the tickets.

“*MVM*” means monitor vending machine.

“*MVM distributor*” means a person or business other than an MVM manufacturer, who sells or leases MVMs.

“*MVM license*” means a license issued pursuant to these rules to sell lottery tickets by means of an MVM.

“*MVM premises*” means a business establishment or other location where one or more MVMs are located or are proposed to be located.

“*MVM premises operator*” means the person who owns the primary business or enterprise conducted at the MVM premises.

“*MVM retailer*” means a person who possesses an MVM license and who sells lottery products from one or more lottery-approved MVMs that are owned or leased by the person and that are located on premises owned by the MVM retailer or by a third party.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3) and 74(2).

**531—14.4(80GA,SF453,252J) MVM licenses.**

**14.4(1)** The lottery has discretion to license a qualified applicant to sell lottery products from MVMs. An MVM license authorizes the licensee to sell only the type of lottery products specified on the license and only from MVMs that have been certified by the chief executive officer of the lottery pursuant to rule 14.17(80GA,SF453). The lottery shall maintain a list of MVMs that have been certified by the chief executive officer as meeting lottery requirements.

**14.4(2)** An MVM license is not limited to a specific location, but MVMs may only be used to sell lottery products on premises that have been certified pursuant to rule 14.18(80GA,SF453). The lottery shall maintain a list of certified MVM premises.

**14.4(3)** Any eligible applicant may apply for a license to operate as an MVM retailer by first filing with the lottery an application form together with any supplements required. Supplements may include, but are not limited to, authorizations to investigate criminal history, financial records and financial resources, and authorizations to allow the lottery to conduct site surveys.

**14.4(4)** All lottery MVM license applications must be accompanied by a nonrefundable fee of \$25, plus the actual costs incurred by the lottery in conducting financial and criminal background checks, as required by 2003 Iowa Acts, Senate File 453, section 77.

**14.4(5)** The lottery may waive the payment of any license fee to facilitate an experimental program or a research project.

**14.4(6)** A limited number of MVM retailers may be selected as MVM licensees from applications received. The selection shall be made based on criteria designed to produce the maximum amount of net revenue and serve the public convenience. The lottery may refuse to accept MVM license applications for a period of time if the lottery determines that the number of existing MVM retailers is adequate to market lottery products.

**14.4(7)** The lottery will grant, deny, or place on hold all applications within 60 days of acceptance of an application. Applications placed on hold shall be considered denied for purposes of appeal. If an application is denied because the lottery has received a certificate of noncompliance from the child support recovery unit in regard to an individual, the effective date of denial of the issuance of the license, as specified in the notice required by Iowa Code section 252J.8, shall be 60 days following service of the notice upon the applicant.

**14.4(8)** Notwithstanding any of the foregoing, a lottery licensee holding a lottery license pursuant to 531—Chapters 12 and 13 may sell lottery products from MVMs without possessing a separate MVM license, but only on the licensed premises, and only once the premises have been certified pursuant to rule 14.18(80GA,SF453).

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), 77, and 83, and Iowa Code sections 252J.2 and 252J.8.

**531—14.5(80GA,SF453) Transfer of licenses prohibited.** MVM licenses may not be transferred to any other person or entity and do not authorize the sale of lottery products at any location other than those permitted by lottery rules.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), 77(3), 78, and 83.

**531—14.6(80GA,SF453) Expiration of MVM licenses.** An MVM license is valid until it expires, is terminated by a change of circumstances, is surrendered by the licensee, or is revoked by the lottery. An MVM license that does not have an expiration date will continue indefinitely until it is surrendered, revoked, or terminated by a change in circumstances.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), 77(3), and 80.

**531—14.7(80GA,SF453) Provisional licenses.** The lottery may issue a provisional MVM license to an applicant after receipt of a fully completed license application, the authorization for a complete personal background check, completion of a credit check, and completion of a preliminary background check. The provisional MVM license shall expire at the time of issuance of the requested MVM license or 90 days from the date the provisional MVM license was issued, whichever occurs first, unless the provisional MVM license is extended by the lottery.

Notwithstanding the foregoing, the lottery will deny a provisional MVM license to any applicant who is an individual if the lottery has received a certificate of noncompliance from the child support recovery unit with regard to the individual, until the unit furnishes the lottery with a withdrawal of the certificate of noncompliance. If an application is denied because the lottery has received a certificate of noncompliance from the child support recovery unit in regard to an individual, the effective date of denial of the issuance of the MVM license, as specified in the notice required by Iowa Code section 252J.8, shall be 60 days following service of the notice upon the applicant.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), 78, and 80, and Iowa Code sections 252J.2 and 252J.8.

**531—14.8(80GA,SF453) MVM placement and operation.** Licensed MVM retailers shall locate their MVMs at their discretion, subject to the following requirements:

1. All MVMs shall be located only on certified MVM premises.
2. No MVM shall be located in any establishment that is incompatible with the dignity of the state.
3. Only MVMs certified by the lottery's chief executive officer pursuant to rule 14.17(80GA,SF453) may be used. A list of such certified MVMs may be obtained from the lottery and shall be published on the lottery's web site.
4. Only graphics displays and audio authorized by the lottery shall be used on MVMs. MVM retailers shall make no changes, alterations, or additions to the lottery-authorized graphics displays, the lottery-authorized audio played by the MVMs, or to the cabinet exteriors of MVMs.
5. In cases where an MVM is located on MVM premises not owned by the MVM retailer, the MVM retailer shall be solely responsible for securing the rights necessary to locate the MVM on such premises and shall provide proof of such rights to the lottery upon request. Under no circumstances shall the lottery be responsible to the MVM premises operator or owner as a consequence of the placement of an MVM by an MVM retailer.
6. The MVM retailer shall be responsible for ensuring that a source of power is available for the MVM. If an MVM requires telecommunications capabilities, the MVM retailer shall be solely responsible for providing the necessary telephone lines or other required physical infrastructure. Under no circumstances shall the lottery be responsible for the expense of installing electrical circuits or telecommunications lines or for any power or telecommunications services.
7. The MVM retailer shall post its MVM license certificate, or a facsimile, at each MVM premises at which the MVM retailer has an MVM. The license certificate or a facsimile thereof may be affixed to the MVM.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 69, 71(3), and 74.

**531—14.9(80GA,SF453) Duplicate licenses.** Upon the loss, mutilation, or destruction of any MVM license issued by the lottery, application for a duplicate shall be made. A statement signed by the retailer which details the circumstances under which the license was lost, mutilated, or destroyed may be required by the lottery.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), 77, and 83.

**531—14.10(80GA,SF453) Reporting changes in circumstances of the MVM retailer.** Every change of business structure of a licensed MVM retailer, such as from a sole proprietorship to a corporation, and every change in the name of a business must be reported to the lottery prior to the change. Substantial changes in the ownership of a licensed MVM retailer must also be reported to the lottery prior to the change. A substantial change of ownership is defined as the transfer of 10 percent or more equity in the licensed business from or to another single individual or legal entity. If a change involves the addition or deletion of one or more existing owners or officers, the licensee shall submit a license application reflecting the change and any other documentation the lottery may require. All changes will be reviewed by the lottery to determine if the existing license should be continued.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), and 80(1).

**531—14.11(80GA,SF453) License not a vested right.** The possession of an MVM license issued by the lottery to any person to act as an MVM retailer is a privilege personal to that person and is not a legal right. The possession of an MVM retailer license issued by the lottery to any person to act as an MVM retailer does not automatically entitle that person to sell tickets or obtain materials for any particular game.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), and 69.

**531—14.12(80GA,SF453) Suspension or revocation of a license.**

**14.12(1)** The lottery may suspend or revoke any MVM license issued pursuant to these rules for one or more of the following reasons:

- a. Failing to meet or maintain the eligibility criteria for MVM license application and issuance established by 2003 Iowa Acts, Senate File 453, Division XVIII, or these rules.
- b. Violating any of the provisions of 2003 Iowa Acts, Senate File 453, Division XVIII, these rules, or the MVM license terms and conditions.
- c. Failing to file any return or report or to keep records required by the lottery; failing to maintain an acceptable level of financial responsibility as evidenced by the financial condition of the business, incidents of failure to pay taxes or other debts, or by the giving of financial instruments which are dishonored or electronic funds transfers that are not paid; fraud, deceit, misrepresentation, or other conduct prejudicial to the public confidence in the lottery.
- d. If public convenience is adequately served by other licensed MVM retailers.
- e. Failing to sell a minimum number of tickets as established by the lottery.
- f. The MVM retailer displays a history of thefts or other forms of losses of tickets or revenue.
- g. Violating federal, state, or local law or allowing the violation of any of these laws in connection with the operation of MVMs.
- h. Obtaining a license by fraud, misrepresentation, concealment or through inadvertence or mistake.
- i. Making a misrepresentation of fact to the board or lottery on any report, record, application form, or questionnaire required to be submitted to the board or lottery.
- j. Denying the lottery or its authorized representative, including authorized local law enforcement agencies, access to any place where a licensed activity is conducted.
- k. Failing promptly to produce for inspection or audit any book, record, document, or other item required to be produced by law, these rules, or the terms of the license.
- l. Systematically pursuing economic gain in an occupational manner or context that is in violation of the criminal or civil public policy of this state if such pursuit creates cause to believe that the participation of such person in these activities is inimical to the proper operation of an authorized lottery.

*m.* Failing to follow the instructions of the lottery for the conduct of any particular game or special event.

*n.* Failing to follow security procedures of the lottery for the management of personnel, handling of tickets, or for the conduct of any particular game or special event.

*o.* Making a misrepresentation of fact to a purchaser, or prospective purchaser, of a ticket, or to the general public with respect to the conduct of a particular game or special event.

*p.* For a licensee who is an individual, where the lottery receives a certificate of noncompliance from the child support recovery unit in regard to the licensee, unless the unit furnishes the department with a withdrawal of the certificate of noncompliance.

**14.12(2)** The effective date of revocation or suspension of a license, or denial of the issuance or renewal of a license, as specified in the notice required by Iowa Code section 252J.8, shall be 60 days following service of the notice upon the licensee. All other notices of revocation or suspension shall be 20 days following service upon a licensee.

**14.12(3)** If an MVM license is suspended for more than 180 days from the effective date of the suspension, the lottery will revoke the license upon 15 days' notice served in conformance with rule 531—12.13(80GA,SF453,252J).

**14.12(4)** Upon revocation or suspension of an MVM license of 30 days or longer, the MVM retailer shall surrender to the lottery, by a date designated by the lottery, the MVM license, lottery identification card, and all other lottery property. The lottery will settle the MVM retailer's account as if the MVM retailer had terminated its relationship with the lottery voluntarily.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), 77, 80, 83, and 88, and Iowa Code section 252J.8.

**531—14.13(80GA,SF453,252J) Methods of service.** Notice required by Iowa Code section 252J.8 and notice of a license revocation or a suspension for the reasons described in rule 14.12(80GA,SF453) shall be as set forth in rule 531—12.13(80GA,SF453,252J). The notice shall set forth the reasons for the suspension or revocation and provide for an opportunity for a hearing. A hearing on the suspension or revocation shall be held within 180 days or less after the notice has been served.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), and 77, and Iowa Code section 252J.8.

**531—14.14(80GA,SF453,252J) Licensee's obligation.** MVM retailers and license applicants shall keep the lottery informed of all court actions and all relevant child support recovery unit actions taken under or in connection with Iowa Code chapter 252J, and shall provide the lottery with copies, within seven days of filing or issuance, of all applications filed with the district court pursuant to Iowa Code section 252J.9, all court orders entered in such actions, and withdrawals of certificates of noncompliance by the child support recovery unit.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3) and 74(2), and Iowa Code section 252J.8.

**531—14.15(80GA,SF453,252J) Calculating the effective date.** In the event an MVM licensee or applicant files a timely district court action following service of a lottery notice pursuant to Iowa Code sections 252J.8 and 252J.9, the lottery shall continue with the intended action described in the notice upon the receipt of a court order lifting the stay, dismissing the action, or otherwise directing the lottery to proceed. For purposes of determining the effective date of revocation or suspension, or denial of the issuance or renewal of an MVM license, the lottery shall count the number of days before the action was filed and the number of days after the action was disposed of by the court.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3) and 74(2), and Iowa Code sections 252J.8 and 252J.9.

**531—14.16(80GA,SF453) Financial responsibility.** The lottery shall use the following guidelines to determine financial responsibility for a person seeking an MVM license.

**14.16(1) *Sole proprietorship.*** The lottery will not require a bond from a sole proprietor if the account history for the applicant for the past two years discloses no more than four accounts past due and no accounts over 90 days past due.

**14.16(2) *Partnership.*** If the MVM license applicant is a partnership, 50 percent of the partners must meet the credit guidelines listed in subrule 14.16(1). If the credit history discloses that the requirements of subrule 14.16(1) are satisfied, the lottery will not require a bond.

**14.16(3) *Fraternal or civic associations.*** If the MVM license applicant is a fraternal association, civic organization or other nonprofit entity, the applicant must meet the credit guidelines set forth in subrule 14.16(1). If the fraternal or civic association or other nonprofit entity has no credit history or the credit history is incomplete as determined in the sole discretion of the lottery, then the officers of the fraternal or civic association or other nonprofit entity must meet the requirements of subrule 14.16(1). If the credit history discloses that the requirements of subrule 14.16(1) are satisfied, the lottery will not require a bond.

**14.16(4) *Corporations and limited liability companies—two years or more.*** If the MVM license applicant is a corporation or a limited liability company and the corporation or the limited liability company has been in existence for more than two years from the date of the application, the MVM license applicant must meet the following financial responsibility guidelines:

- a.* The MVM license applicant is paying 60 percent of its suppliers on time or within terms; and
- b.* The license applicant must have a credit risk class provided by a financial and credit reporting entity of less than 5 or an equivalent rating. If the corporation or the limited liability company meets the guidelines described in this rule, the lottery will not require a bond from the license applicant.

**14.16(5) *Corporations and limited liability companies—less than two years.*** If a corporation has been in existence for less than two years from the date of the application, the lottery will review the credit history of the corporate officers who hold 10 percent or more of the stock of the corporation. If a limited liability company has been in existence for less than two years, the lottery will review the credit history of the members of a limited liability company who have contributed 10 percent or more to the capital of the limited liability company. Fifty percent or more of the corporate officers or members of the limited liability company must meet the credit guidelines set forth in subrule 14.16(1). If the corporate officers or the members of the limited liability company meet the requirements set forth in subrule 14.16(1), the lottery will not require the corporation or the limited liability company to obtain a bond.

**14.16(6) *Bonding requirements.*** With respect to any MVM license applicant whose credit history does not meet the guidelines described in subrules 14.16(1) and 14.16(4), the applicant will be required to obtain a bond from a surety company authorized to do business in Iowa or offer a cash bond in the amount of \$250 per MVM to be operated by the MVM license applicant; provided, however, that the total amount of such bond shall not exceed \$50,000.

**14.16(7) *Holding period for bond.*** The lottery will hold the bond provided by the license applicant for a minimum time period of one year. Thereafter, the lottery will review the credit history of the licensed retailer. If the retailer's account history shows no delinquent payments, the lottery will release the bond.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 69(1) and 79.

**531—14.17(80GA,SF453) MVM certification.** Before an MVM may be used to vend lottery products, it must be certified by the chief executive officer of the lottery. An MVM shall be certified only after all of the following requirements have been met:

**14.17(1)** The manufacturer of the MVM and, if the machine is not purchased or leased by the MVM retailer directly from the manufacturer, any MVM distributor shall have passed a criminal background check.

**14.17(2)** The manufacturer shall have passed a financial responsibility background check.

**14.17(3)** It is demonstrated to the lottery's satisfaction that the MVM can perform all of the following:

- a. Reliably vend lottery-approved tickets, either preprinted or printed on demand from a pre-determined electronic "pack" of tickets.
- b. Display, in the process of vending tickets, lottery-approved graphics and sound, indicating whether the vended ticket is a winner.
- c. Communicate reliably with a central computer system, as described below, in order to transmit data.
- d. Shut itself off if it fails to communicate with the central computer system for a period of 48 hours.
- e. Keep lottery tickets and cash receipts secure.
- f. Account for the number of tickets sold.

**14.17(4)** The manufacturer shall demonstrate the ability to securely, reliably, and consistently produce either preprinted tickets or electronic "packs" of tickets that meet the lottery's specifications as set forth in the game rules.

**14.17(5)** It shall be demonstrated that the MVM can operate reliably with a central computer system capable, at a minimum, of all of the following:

- a. Communicating with MVMs located in all parts of the state.
- b. Retrieving data from MVMs.
- c. Transmitting data to MVMs.
- d. Storing data received from MVMs.
- e. Allowing secure access to data by the lottery and MVM retailers.
- f. Producing printed reports in a format usable by the lottery.
- g. Performing security checks on MVMs.
- h. Consistently and reliably operating at least 16 hours per day.

**14.17(6)** The MVM manufacturer must commit contractually to provide the lottery with the data required by the lottery in a timely manner. The lottery may negotiate directly with manufacturers of certified MVMs for these services.

**14.17(7)** The manufacturer shall pay a fee of \$25, plus all actual costs incurred by the lottery in performing the necessary criminal background and financial responsibility checks. The lottery may require a manufacturer to pay the estimated cost of the criminal background and financial responsibility checks in advance.

**14.17(8)** As a condition of certification, the manufacturer shall provide to the lottery a working example of each model of MVM it proposes to have certified for testing and troubleshooting purposes. The lottery may keep the working example for such time as the model remains certified.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 83, and 84.

**531—14.18(80GA,SF453) MVM premises certification.** Before an MVM may be used to vend lottery products, the premises on which the MVM is to be located must be certified by the chief executive officer of the lottery. An MVM premises shall be certified only after all of the following requirements have been met:

1. The MVM premises operator shall have passed a criminal background check.
2. The MVM premises shall have been demonstrated to be compatible with the dignity of the state.
3. The chief executive officer shall have determined that the MVM premises are an age-controlled environment. Examples of age-controlled environments are premises where, by law, the age of patrons is monitored by the employees of the establishment and whose clientele consists primarily of adults. Such locations include, but shall not be limited to, establishments licensed by the state to sell liquor by the drink and tobacco outlet stores.
4. A fee of \$25 shall have been paid to the lottery for certification of the MVM premises.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 83, and 84.

**531—14.19(80GA,SF453) Suspension or revocation of a certification.**

**14.19(1)** The lottery may suspend or revoke any certification made pursuant to these rules for one or more of the following reasons:

- a.* Failing to meet or maintain the certification criteria established by these rules.
- b.* Violating any of the provisions of 2003 Iowa Acts, Senate File 453, Division XVIII, or these rules.
- c.* Fraud, deceit, misrepresentation, or other conduct prejudicial to the public confidence in the lottery.
- d.* Violating federal, state, or local law or allowing the violation of any laws in connection with the production or operation of MVMs.
- e.* Obtaining a certification by fraud, misrepresentation, concealment or through inadvertence or mistake.
- f.* Making a misrepresentation of fact to the board or lottery on any report, record, application form, or questionnaire required to be submitted to the board or lottery.
- g.* Systematically pursuing economic gain in an occupational manner or context which is in violation of the criminal or civil public policy of this state if such pursuit creates cause to believe that the participation of such person in these activities is inimical to the proper operation of an authorized lottery.
- h.* Failing to follow security procedures of the lottery for the management of personnel, handling of tickets, or for the conduct of any particular game or special event.
- i.* Making a misrepresentation of fact to a purchaser, or prospective purchaser, of a ticket, or to the general public with respect to the conduct of a particular game or special event.
- j.* In the case of MVM premises, certification may be suspended or revoked for any of the following additional reasons:
  - (1) Where the lottery receives a certificate of noncompliance from the child support recovery unit in regard to the MVM premises operator who is an individual, unless the unit furnishes the department with a withdrawal of the certificate of noncompliance.
  - (2) A history of thefts or other forms of losses of tickets or revenue occurs at the MVM premises.
  - (3) Conduct or business activities on the premises which would undermine the public confidence in the lottery.
  - (4) Substantiated instances of purchases of lottery tickets by underage persons on the MVM premises.
- k.* In the case of the certification of MVMs, certification may be suspended or revoked for any of the following additional reasons:
  - (1) Repeated failure or inability of the MVM or the associated central computer system to operate properly.
  - (2) The occurrence of any event or the existence of any state of facts that would cause the MVM manufacturer to fail a criminal background check or a financial responsibility check.

**14.19(2)** The effective date of revocation or suspension of a certification, or denial of the issuance or renewal of a certification, as specified in the notice required by Iowa Code section 252J.8, shall be 60 days following service of the notice. All other notices of revocation or suspension shall be 20 days following service upon a licensee.



**14.19(3)** Upon suspicion that an underage player has purchased one or more lottery products from an MVM, the lottery will investigate and provide a written warning to the MVM retailer and the MVM premises operator describing the report of the event and of the potential violation of 2003 Iowa Acts, Senate File 453, section 77(9). In the event the lottery can substantiate the claim that an underage player has purchased a product from an MVM, the lottery shall suspend the certification of the MVM premises in question for 7 days. If the lottery can substantiate the claim that an underage player has purchased a product from an MVM a second time in a period of one year from the date of the first event on the same MVM premises, the lottery shall suspend the MVM premises certification for a period of 30 days. If the lottery can substantiate the claim that an underage player has purchased a product from an MVM at a given MVM premises a third time in a period of one year from the date of the first event as described in this rule, the lottery shall suspend the certification of the MVM premises in question for one year.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), 77, and 80.

**531—14.20(80GA,SF453) Requirements for the sale of tickets.**

**14.20(1)** Prior to the vending of any lottery products by an MVM retailer, the lottery and the MVM retailer shall enter into a written agreement specifying the compensation to be received by the MVM retailer, providing for the provisioning of tickets and paper stock, and other matters as the parties shall agree upon.

**14.20(2)** Tickets shall be sold at the price designated by the lottery unless the lottery specifically authorizes their sale at a different price.

**14.20(3)** No MVM retailer or any employee, member, or agent of an MVM retailer shall attempt to identify a winning ticket prior to the sale of the ticket.

**14.20(4)** MVM retailers shall arrange for the MVM premises operator or agent(s) or employees of the MVM premises operator to pay all prizes less than \$600 during normal business hours at the MVM premises where the prize-winning ticket was vended. Prizes of \$600 or more shall be paid at lottery headquarters in Des Moines. Prizes must be claimed prior to the MVM premise's first close of business following the vending of the winning ticket.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), 77, 83, and 84.

**531—14.21(80GA,SF453) Ownership of tickets and other property.** All tickets or electronic "packs" of tickets accepted by a licensed MVM retailer are the property of the MVM retailer. After confirmation of delivery, the retailer is responsible for the condition and security of the tickets and for any losses resulting from tickets that become lost, stolen, or damaged. The lottery may credit MVM retailers for lost, stolen, or damaged instant tickets if the lottery determines that the best interests of the lottery will be served by issuing a credit.

Unless otherwise indicated in writing, all lottery property provided to an MVM retailer for use in selling products, as opposed to property and tickets sold to an MVM retailer, remains the property of the lottery. The retailer shall deliver lottery property to the lottery upon request.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 69, 71(3), 77, and 80.

**531—14.22(80GA,SF453) Retailer costs and compensation.**

**14.22(1)** Retailers shall be responsible for purchasing the MVM tickets, including electronic tickets, and the paper stock on which to print electronic tickets. The tickets and paper stock shall be purchased from either the manufacturer of a certified MVM or from the lottery, according to the terms of the agreement entered into between the lottery and the MVM retailer.

**14.22(2)** The lottery may impose a service fee on MVM retailers to cover operational costs relating to MVMs incurred by the lottery. The service fee shall not exceed the actual costs incurred by the lottery.

**14.22(3)** The lottery, with board approval, shall set the base amount of retailer compensation. The base amount of compensation shall be specified in the agreement between the retailer and the lottery. The lottery may increase the total amount of retailer compensation by implementing sales incentive programs.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74, and 77.

**531—14.23(80GA,SF453) Retailer payment methods.** Retailers are required to pay for lottery tickets or shares by means of an electronic funds transfer (EFT) from the retailer's account. The lottery may allow a retailer to make payments by another method if the retailer can show that the electronic funds transfer system imposes a significant hardship on the retailer or if the lottery determines that the retailer's payment history justifies use of an alternative payment method.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 69, 71(3), 80, 81, and 93.

**531—14.24(80GA,SF453) Dishonored checks and electronic funds transfers.** Any payment made to the lottery by an applicant for a license or by a licensed retailer either by a check which is dishonored or by an electronic funds transfer which is not paid by the depository shall be grounds for immediate denial of the application for a license or for the suspension or revocation of an existing license. The lottery may assess a surcharge up to the maximum allowed by applicable state law for each dishonored check or EFT. The lottery may also alter the payment terms of a retailer's license and require a retailer to reimburse the lottery for costs which occur as a result of a dishonored check or EFT.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 77, and 80.

**531—14.25(80GA,SF453) Inspection of lottery materials and licensed premises.** Retailers shall allow the lottery to inspect lottery materials, tickets, and the premises. All books and records pertaining to the MVM retailer's lottery activities shall be available to the lottery for inspection and copying during the normal business hours of the MVM retailer and between 8 a.m. and 5 p.m., Monday through Friday. All books and records pertaining to the MVM retailer's lottery activities are subject to seizure by the lottery without prior notice.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 77, 80, and 81.

**531—14.26(80GA,SF453) Payment of MVM ticket prizes.** Prizes won by MVM tickets may be paid only by an agent or employee of the MVM premises operator where the winning ticket was vended. If the MVM premises operator is a nonprofit organization, members of the organization may also pay prizes if authorized by the organization. The MVM retailer shall be responsible for ensuring that prizes are paid.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), 77, 83, and 84.

**531—14.27(80GA,SF453) Ticket sales restrictions.** The lottery reserves the right to limit or terminate the sale of tickets from any MVM or at any MVM premises if such sales may compromise the operation and integrity of the lottery, reflect conduct prejudicial to the public confidence in the lottery or reflect activity of an illegal nature under local, state or federal laws.

This rule is intended to implement 2003 Iowa Acts, Senate File 453, sections 71(3), 74(2), 77, 80, 83, and 84.

[Filed emergency 8/28/03—published 9/17/03, effective 8/28/03]